

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 25 March 1978

CG NIDC 78/070C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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Approved For Release 2007/03/07 : CIA-RDP79T00975A030600010044-3

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National Intelligence Daily Cable for Saturday, 25 March 1978.

The NID Cable is for the purpose of informing senior US officials.

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Japan-UK

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ISRAEL: National Unity Government

25X1 [] Defense Minister Weizman's proposal that the opposition Labor Party join the Likud coalition to form a national unity government is, in fact, political camouflage for a serious challenge designed to upstage Prime Minister Begin's leadership. Despite Weizman's protestations that his plan is meant to shore up Begin's resistance to US pressure on peace issues, Weizman clearly hopes to supplant Begin as the leader of a broadened government.

25X1 [] Weizman appears to have concluded that Begin's failure to gain US support for his peace plan during his Washington talks has deeply alarmed the Israeli public, eroding Begin's credibility and leaving him vulnerable to attack. Strong public support for Weizman's leadership of the Israeli operation in Lebanon and recent public opinion polls giving Weizman higher marks than Begin have further encouraged Weizman to make his bold power play at this time.

25X1 [] Weizman's attempt to unseat Begin, however, is a gamble and there are indications that Weizman has acted impetuously and failed to line up enough political support within his own Likud Party and elsewhere to prevail over Begin.

25X1 [] Weizman has held private discussions with Labor Party leaders, but there is no indication as yet that they are prepared to join a Likud-dominated coalition. Labor leader Shimon Peres has stated that he will not give serious consideration to joining the government unless Begin first agrees to work with Labor in developing a new peace strategy--a condition Peres undoubtedly expects Begin to reject.

25X1 [] Indeed, Peres reportedly plans to chair a party central committee meeting on Sunday that will call on Begin to resign because of his "failure in Washington."

25X1 [] Peres and other Labor leaders probably feel that they have much more to gain by staying out of the government, at least for the time being. Many in the party relish the prospect of the Likud leadership destroying itself and then stepping in to pick up the pieces and form a new government. By remaining on the sidelines, moreover, Labor would avoid sharing responsibility with Begin should there be a further erosion in relations with the US or a total rupture in the peace talks.

25X1 [] Labor, however, might join the government if it came to perceive the US as responsible for forcing a confrontation with Israel by pressing for concessions damaging to Israeli security interests. Party leaders are far from reaching this conclusion at present.

25X1 [] Leaders of the Democratic Movement for Change, many of whom have been supportive of Weizman's efforts to moderate the government's negotiating tactics, are scheduled to meet early next week. They may discuss a motion to bolt the government. [] perhaps as many as half of the party's 15-member Knesset contingent would be prepared to leave the government.

25X1 [] Weizman may be hoping that a split in the DMC would improve his chances against Begin; he may also calculate that some Liberals within the Likud Party will stand with him. We doubt that such support from either group would be sufficient to damage Begin seriously. The Liberals, in particular, have in the past shown no inclination to risk destroying their political alliance with Begin's Herut faction in Likud by backing Weizman.

25X1 [] Begin, for his part, has a number of options at his disposal, including resignation. On balance, however, we are inclined to believe that he will canvass his supporters and attempt to shore up his position for a counterattack against Weizman. Begin might even take over Weizman's national unity proposal as his own, claiming that he had been the first to suggest the idea following the parliamentary election last spring.

25X1 [] Begin does not have the legal authority to dismiss Weizman, but he undoubtedly will probe for weak links in Weizman's support and mount a concerted effort to undermine his cabinet position and even force his ouster if the opportunity arises. Hard-liners in the Herut and Laam factions of Likud and the hawkish youth wing of the National Religious Party have already expressed alarm at Weizman's "dovishness" on the issue of Israeli settlements and other matters; they will rally behind Begin if he chooses to move against Weizman. An initial move could come as early as this Sunday's cabinet meeting if Begin by then has concluded that Weizman enjoys only minimal support. []

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EGYPT: Reaction to Begin Visit

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[] Egyptian officials are pleased with President Carter's firmness on key issues and his refusal to be diverted by events in Lebanon. They are somber and apprehensive, however, over the future and what can be done to restore momentum to the peace process.

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[] Egypt's press has emphasized the confrontational aspect of Begin's visit to the US. The talks were described as the toughest ever in US-Israeli relations, which are now in "crisis." President Sadat will argue with other Arabs that the erosion in US-Israeli relations is the product of his initiative.

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[] Sadat will watch closely for increased opposition to Begin's policies within Israel. Sadat appears to be banking heavily that domestic pressure will force Begin to alter his stance, or even to leave office.

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[] Sadat sees the "expiration" of the Sinai II agreement in October as a deadline for his initiative to succeed. He will use the intervening time to prepare public opinion for any policy shift that might be required. []

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SYRIA - IRAQ - LEBANON: Relations

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[] //The Syrian peacekeeping force in Lebanon announced yesterday that no further military supplies or personnel will be permitted to enter Lebanon. This reflects President Asad's desire to prevent incidents that could worsen the situation in Lebanon and again put Syria in an embarrassing position. In addition, the decision probably is aimed at limiting the influence of Syria's arch-rival Iraq, []

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[] The US Embassy in Damascus has received several reports that Asad believes the Palestinian terrorist attack into Israel was a mistake and that Asad now wants to bring the Palestine Liberation Organization under effective Syrian supervision.

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[] //Any forceful move to rein in the Palestinians now, however, could be risky for Asad. The Embassy reports that Asad is already under pressure from some members of the ruling Baath party leadership for Syria's inaction in Lebanon. The Palestinian community in Syria--250,000 strong--is angry with Asad's failure to intervene on the behalf of the PLO, and Syrian security forces had to intervene at a demonstration on Tuesday at a refugee camp in Damascus.//

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[] //Palestinian forces north of the Litani River in Lebanon would resist any serious effort by Syria to restrict their activities. Palestinian leaders would attempt to enlist the support of other Arab states and might undertake a campaign of sabotage.//

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[] //The Iraqis are likely to react negatively to the Syrian order banning new aid to the fedayeen. Baghdad will depict it as a sellout of the Palestinian cause. It will view it in the context of Syrian-Iraqi rivalry and is likely to step up media attacks on Syria.//

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[] //Iraq's policy toward Syria at this juncture is an extension of its opposition to the "politics of steadfastness" orchestrated by Asad since President Sadat's visit to Israel. Iraq sees Israel's invasion of southern Lebanon as a vindication of its position rejecting all negotiations. []

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[] //Iraq is opposed to the introduction of any peacekeeping force in Lebanon. It opposes a UN force, which it believes will serve only to protect Israel from Palestinian attacks. Iraq is probably even more concerned with Syrian intentions toward the Palestinians. []

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JAPAN-EC: Trade Communique Signed

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[] *After six weeks of trade talks, Japan and the European Community agreed Thursday on a communique. The communique is far less specific than the EC had wished on most issues and*

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omits concessions demanded by the Europeans on others. It does commit the Japanese to try to reduce their overall current account surplus in the next fiscal year, increase their imports of manufactured goods, and simplify import procedures for a few products.

25X1 [] The communique probably will temporarily forestall the protectionist pressures that have been mounting within the EC regarding Japan. The EC summit on 7 and 8 April will review economic relations with Japan.

25X1 [] Japan agreed to make all reasonable efforts to reduce its overall current account surplus in future years and expects some decrease will be evident by this fall. The EC had sought a promise from Japan to reduce its overall surplus 50 percent, plus a specific target for cutting its surplus with the EC and tangible evidence of a decline to appear by summer. Tokyo reiterated in the communique its 7-percent goal for real GNP growth in the fiscal year from 1 April.

25X1 [] Tokyo agreed to take steps to increase imports of manufactured goods and stated that it expects the EC's share in total imports to rise to a more "normal level" within a "reasonable" period of years. The EC had sought a commitment to a 30-percent share for manufactured goods in total, compared to the present share of about 20 percent. Only three concessions on import procedures were cited in the communique--the easing of rigid Japanese testing standards for imported automobiles, marine engines, and pharmaceuticals.

25X1 [] Tokyo gave no ground on EC demands regarding purchase of European food products beyond minor concessions already announced. The communique repeats previous Japanese commitments to double foreign aid over the next five years and to increase the proportion of untied and grant aid. Both sides stress the importance of countering protectionist tendencies and reaffirm the importance of a successful outcome to the Multilateral Trade Negotiations. []

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RHODESIA: Dar es Salaam Meeting

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[] The three African frontline presidents most concerned with the Rhodesian problem--Tanzanian President Nyerere, Mozambican President Machel, and Zambian President Kaunda--are meeting in Dar es Salaam this weekend to coordinate a response to Rhodesian Prime Minister Smith's internal settlement.

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[] The meeting is important for the presidents. They are under heavy pressure as a result of Prime Minister Smith's settlement and they are deeply frustrated over their own and the Patriotic Front's inability to counter recent political and military moves by the Smith regime.

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[] The presidents will reaffirm their support for the Anglo-American plan as the basis for a Rhodesian settlement and will endorse stepped-up military operations to force Smith and the internal nationalists back to the negotiating table.

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[] Their major problem will be winning the cooperation of the Patriotic Front. Nkomo and Mugabe want further revisions in the Anglo-American plan before they will accept it. Their guerrilla organizations, moreover, refuse to cooperate in any joint military effort. []

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Japan-UK

25X1 [] //Japan has agreed to limit its 1978 automobile exports to the UK to last year's level of 163,000 units. The British had threatened to impose a quota on Japanese car imports if Tokyo did not act.//

25X1 [] //London's decision to restrict car imports was triggered by financial difficulties at the state-owned British Leyland. Output at Leyland, which accounts for about half of British auto production, dropped sharply last year because of strikes and walkouts. As a result, imports took a record 45 percent of the British market, up from 38 percent in 1976.//

25X1 [] //The Japanese assert that restricting their exports will lead to more sales by other foreign suppliers. EC countries boosted their auto sales in Britain last year much more than did the Japanese; the EC's market share is now nearly three times that of Japan. Any move to restrict such imports, however, would violate British treaty obligations. []

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